



Consolidated Financial Report for the First Three Quarters Ended December 31, 2023

February 5, 2024

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(Amounts rounded to the nearest million yen)

1. Consolidated Financial Results for the First Three Quarters Ended December 31, 2023

(From April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|-----------------------|-----------|---------|------------------|---------|-----------------|---|---|---|
| April – December 2023 | 332,947 | (9.6)% | 12,307 | (5.2)% | 23,175 | — | 19,946 | — |
| April – December 2022 | 368,394 | (22.7)% | 12,988 | (60.5)% | (4,532) | — | (2,385) | — |

(Note) Comprehensive Income: From April 1, 2023 to December 31, 2023: 34,511 Million Yen 493.8%
 From April 1, 2022 to December 31, 2022: 5,812 Million Yen (67.1)%

| | Net income per share (Yen) | Diluted net income per share (Yen) |
|-----------------------|----------------------------|------------------------------------|
| April – December 2023 | 205.51 | 205.41 |
| April – December 2022 | (24.60) | — |

(Note) The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in the consolidated fourth quarter of the fiscal year ended March 2023. The finalized accounting treatment is being applied in each reported figure for the consolidated first three quarters of the fiscal year ended March 2023.

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio (%) |
|-------------------|--------------|------------|--------------------------------|
| December 31, 2023 | 755,963 | 405,236 | 50.9 |
| March 31, 2023 | 732,681 | 381,631 | 49.4 |

(Reference) Shareholders' equity: As of December 31, 2023: 384,941 Million Yen
 As of March 31, 2023: 361,611 Million Yen

[Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests]

(Note) The Company Group determined the provisional accounting treatment related to the business combination of a contract drag development and manufacturing organization in the consolidated first quarter of the fiscal year ending March 2024. The finalized accounting treatment is being applied in each reported figure for the consolidated fiscal year ended March 2023.

2. Cash Dividends

| | Cash dividends per share (Yen) | | | | |
|------------------------------------|--------------------------------|----------------|---------------|----------|--------|
| | First quarter | Second quarter | Third quarter | Year end | Annual |
| April 2022 – March 2023 | — | 50.00 | — | 45.00 | 95.00 |
| April 2023 – March 2024 | — | 50.00 | — | | |
| April 2023 – March 2024 (Forecast) | | | | 50.00 | 100.00 |

(Note) Revision of the latest forecast of cash dividends: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

(% indicates the rate of increase / decrease to the same period of previous year)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | Net income per share(Yen) | |
|-------------------------|-----------|--------|------------------|------|-----------------|---|---|---------------------------|--------|
| April 2023 – March 2024 | 484,000 | (2.2)% | 17,000 | 4.9% | 26,500 | — | 21,500 | — | 221.51 |

(Note) Revision of the latest forecast of consolidated financial results: No

(Notes)

(1) Changes in significant subsidiaries during the first three quarters ended December 31, 2023: No

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: Yes

(Note) For more details, please refer to “5. Consolidated Financial Statements (4) Notes to Quarterly Consolidated Financial Statements (Application of the specific accounting methods for preparing the quarterly consolidated financial statements)”.

(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(4) Number of shares outstanding (common stock)

| | December 31, 2023 | March 31, 2023 |
|---|-------------------|----------------|
| Numbers of shares outstanding at period end | 106,200,107 | 106,200,107 |
| Numbers of shares of treasury stock at period end | 9,131,516 | 9,159,538 |

| | April – December 2023 | April – December 2022 |
|---|-----------------------|-----------------------|
| Weighted-average number of shares outstanding during period | 97,057,787 | 96,952,420 |

(Information regarding quarterly review procedures)

The financial information contained in this report is not subject to quarterly review procedures by independent auditors.

(Cautionary statement on forward-looking statements)

The performance forecast and other forward-looking statements contained in this material have been prepared on the basis of information available at this point and certain assumptions which are judged to be rational. It may be substantially different from the actual performance because of various factors such as economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates.

4. Qualitative Information on Operating Results

(1) Overview of Operating Results

During the current term, net sales decreased. Despite positive impact of acquisition of a contract drag development and manufacturing organization in December 2022, sluggish sales of nylon polymer, caprolactam, and other products in the Polymers & Chemicals Segment significantly affected the overall business.

Operating profit decreased. Despite strong business performance in the Machinery Segment, and also positive impact of acquisition of a contract drag development and manufacturing organization, sluggish sales of nylon polymer, fine chemicals, and other products in the Polymers & Chemicals Segment significantly affected the overall business.

Both ordinary profit and profit attributable to owners of parent increased because of an increase in share of profit of entities accounted for using equity method, as sales prices were adjusted in the cement-related business (an equity-method affiliate) so they reflect hikes of energy prices including coal.

As a result, the Company Group reports its consolidated results during the current term as follows:

(Billions of yen)

| Item | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent |
|-------------------------|-----------|------------------|-----------------|---|
| April – December 2023 ① | 332.9 | 12.3 | 23.2 | 19.9 |
| April – December 2022 ② | 368.4 | 13.0 | (4.5) | (2.4) |
| Difference ① - ② | (35.4) | (0.7) | 27.7 | 22.3 |
| Percentage change | (9.6)% | (5.2)% | — | — |

(Note) The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in the consolidated fourth quarter of the fiscal year ended March 2023. The finalized accounting treatment is being applied in each reported figure for the consolidated first three quarters of the fiscal year ended March 2023.

(2) Overview by Segment

Net sales

(Billions of yen)

| Segment | April – December 2023 ① | April – December 2022 ② | Difference ① – ② | Percentage Change |
|----------------------|----------------------------|----------------------------|---------------------|----------------------|
| Specialty Products | 46.8 | 47.4 | (0.6) | (1.3)% |
| Polymers & Chemicals | 183.7 | 225.2 | (41.5) | (18.4)% |
| Machinery | 65.6 | 69.3 | (3.7) | (5.3)% |
| Others | 58.3 | 50.6 | 7.7 | 15.2% |
| Adjustment | (21.5) | (24.1) | 2.7 | — |
| Total | 332.9 | 368.4 | (35.4) | (9.6)% |

Operating profit

(Billions of yen)

| Segment | April – December 2023 ① | April – December 2022 ② | Difference ① – ② | Percentage Change |
|----------------------|----------------------------|----------------------------|---------------------|----------------------|
| Specialty Products | 8.3 | 8.5 | (0.2) | (2.2)% |
| Polymers & Chemicals | (0.6) | 3.3 | (3.8) | — |
| Machinery | 4.4 | 2.6 | 1.7 | 66.9% |
| Others | 2.6 | 1.7 | 0.8 | 49.5% |
| Adjustment | (2.4) | (3.1) | 0.8 | — |
| Total | 12.3 | 13.0 | (0.7) | (5.2)% |

(Note) Adjustment includes corporate expenses (general expenses that are not distributed to each reportable segment) and internal transactions between the segments.

Specialty Products – Decreases in both net sales and operating profit

The Polyimide Business recorded a net sales decrease because of sluggish demand for LCDs, and OLEDs mainly used for smartphones.

The Separation Membrane Business recorded an increase in net sales thanks to the continued strong demand for its products, particularly those relating to biogas.

The Ceramics Business recorded an increase in net sales thanks to the continued strong demand for its products used for bearings and substrates.

The Separators Business recorded a decrease in net sales due mainly to the impact of the sluggish performance in the first half despite the gradual recovery trend in automobile production.

The Specialty Products Segment as a whole recorded decreases in both net sales and operating profit. Despite strong business performance of the Separation Membrane and Ceramics Businesses, weak performance of the Polyimide, Separators, and other Businesses affected the overall business.

Polymers & Chemicals – Decreases in both net sales and operating profit

■ Performance Polymers & Chemicals Business

The Composites Business recorded a decrease in net sales due to weak demand for non-automotive uses despite a recovery trend in automobile production.

The Nylon Polymer Business recorded a decrease in net sales due to a decrease in sales volume in the first half despite a recovery trend in demand for products such as nylon film for food packaging in the overseas market.

The Caprolactam & Ammonium Sulfate Business recorded a net sales decrease, because of reduced sales volume resulted from sluggish demand, as well as sales price declines of the products mainly due to market price falling of the raw materials such as benzene and ammonia.

The Industrial Chemicals Business recorded a net sales decrease because of market price declines of its products, while the regular biennial inspection of the ammonia product factory did not take place and sales volume of the products rose.

The Fine Chemicals Business recorded a net sales decrease, due to declines in sales prices resulted from market price fallings of the products, as well as decreased sales volume caused by sluggish demand.

■ The Elastomer Business recorded a decrease in net sales because the sales volume declined due to weak demand for automotive tires and other uses, and product selling prices declined due to a fall in market prices of raw materials.

■ The Polymers & Chemicals Segment recorded decreases in both net sales and operating profit. Although the regular biennial inspection of the ammonia product factory did not take place, sluggish sales of nylon polymer and fine chemicals resulted from the weak demand significantly affected the overall business.

Machinery – Decrease in net sales and increase in operating profit

The Molding Machine Business recorded a decrease in net sales due to a slowdown in capital investment in the automobile industry. Currently, orders from customers show a trend of recovery.

The Industrial Machines Business recorded an increase in net sales due to the steady performance of services including maintenance of machine products.

The Steel Products Business recorded a decrease in net sales because of a decline in sales volume resulted from the weak demand in the domestic and overseas markets.

The Machinery Segment recorded a decrease in net sales, significantly impacted by net sales decreases in the Molding Machine and Steel Products Businesses. Operating profit increased, as sales of services remained strong in both the Molding Machine and Industrial Machines Businesses, and raw material and fuel prices fell in the Steel Products Business.

Others – Increases in both net sales and operating profit

The Pharmaceutical Business recorded a net sales increase, because of positive impact by acquisition of a contract drug development and manufacturing organization (API Corporation) in December 2022.

The Power Producer Business recorded a decrease in net sales because the selling price of electricity fell due to the decline in coal prices.

The Others Segment recorded increases in both net sales and operating profit, mainly because of positive impact by acquisition of a contract drug development and manufacturing organization.

Cement-Related Business (Equity-Method Affiliate “Mitsubishi UBE Cement Corporation”)

In the domestic market, although sales volume of cement decreased, selling prices were corrected to reflect the hiking energy prices including coal, and cost improvement was made. In the overseas market (North America), shipment of ready-mixed concrete was recovered, while it was delayed due to negative impacts of weather conditions in the fourth quarter of the last fiscal year. Increased sales prices also had positive impact on overseas business. As a result, performance of Cement-Related Business significantly improved.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 31,175 | 31,579 |
| Notes and accounts receivable - trade, and contract assets | 106,998 | 99,599 |
| Merchandise and finished goods | 56,754 | 58,136 |
| Work in process | 23,881 | 31,807 |
| Raw materials and supplies | 46,373 | 45,834 |
| Other | 18,044 | 20,161 |
| Allowance for doubtful accounts | (109) | (107) |
| Total current assets | 283,116 | 287,009 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 51,264 | 51,606 |
| Machinery, equipment and vehicles, net | 95,326 | 92,766 |
| Land | 36,701 | 37,201 |
| Other, net | 25,747 | 30,747 |
| Total property, plant and equipment | 209,038 | 212,320 |
| Intangible assets | | |
| Goodwill | 1,472 | 1,485 |
| Other | 7,314 | 6,963 |
| Total intangible assets | 8,786 | 8,448 |
| Investments and other assets | | |
| Investment securities | 198,393 | 212,923 |
| Other | 33,462 | 35,364 |
| Allowance for doubtful accounts | (263) | (268) |
| Total investments and other assets | 231,592 | 248,019 |
| Total non-current assets | 449,416 | 468,787 |
| Deferred assets | 149 | 167 |
| Total assets | 732,681 | 755,963 |

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 69,241 | 63,338 |
| Short-term borrowings | 55,137 | 66,784 |
| Commercial papers | 3,000 | 5,000 |
| Current portion of bonds payable | — | 10,000 |
| Income taxes payable | 1,528 | 3,004 |
| Provision for bonuses | 5,258 | 2,545 |
| Other provisions | 1,105 | 932 |
| Other | 36,963 | 41,482 |
| Total current liabilities | 172,232 | 193,085 |
| Non-current liabilities | | |
| Bonds payable | 60,000 | 60,000 |
| Long-term borrowings | 95,520 | 71,973 |
| Provisions | 2,027 | 2,755 |
| Retirement benefit liability | 7,219 | 7,364 |
| Asset retirement obligations | 1,199 | 1,219 |
| Other | 12,853 | 14,331 |
| Total non-current liabilities | 178,818 | 157,642 |
| Total liabilities | 351,050 | 350,727 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 58,435 | 58,435 |
| Capital surplus | 40,371 | 40,375 |
| Retained earnings | 257,957 | 267,374 |
| Treasury shares | (21,676) | (21,609) |
| Total shareholders' equity | 335,087 | 344,575 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,698 | 6,251 |
| Deferred gains or losses on hedges | (143) | 1 |
| Foreign currency translation adjustment | 23,740 | 33,911 |
| Remeasurements of defined benefit plans | 229 | 203 |
| Total accumulated other comprehensive income | 26,524 | 40,366 |
| Share acquisition rights | 71 | 71 |
| Non-controlling interests | 19,949 | 20,224 |
| Total net assets | 381,631 | 405,236 |
| Total liabilities and net assets | 732,681 | 755,963 |

(2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

• Consolidated Statements of Income

For the first three quarters ended December 31, 2022 and 2023

(Millions of yen)

| | April 1, 2022 – December 31, 2022 | April 1, 2023 – December 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Net sales | 368,394 | 332,947 |
| Cost of sales | 305,724 | 272,826 |
| Gross profit | 62,670 | 60,121 |
| Selling, general and administrative expenses | 49,682 | 47,814 |
| Operating profit | 12,988 | 12,307 |
| Non-operating income | | |
| Interest income | 79 | 242 |
| Dividend income | 1,245 | 3,565 |
| Rental income | 622 | 632 |
| Amortization of negative goodwill | 26 | — |
| Share of profit of entities accounted for using equity method | — | 8,974 |
| Foreign exchange gains | 560 | 534 |
| Other | 871 | 684 |
| Total non-operating income | 3,403 | 14,631 |
| Non-operating expenses | | |
| Interest expenses | 573 | 712 |
| Rental expenses | 397 | 409 |
| Share of loss of entities accounted for using equity method | 16,315 | — |
| Other | 3,638 | 2,642 |
| Total non-operating expenses | 20,923 | 3,763 |
| Ordinary profit (loss) | (4,532) | 23,175 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 344 | 44 |
| Gain on sale of investment securities | 296 | 136 |
| Gain on change in equity | 8,265 | 712 |
| Gain on liquidation of subsidiaries and associates | 1,180 | — |
| Gain on termination of retirement benefit plan | 245 | — |
| Total extraordinary income | 10,330 | 892 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 629 | 635 |
| Loss on sale of investment securities | 1,154 | — |
| Loss on valuation of investment securities | 260 | 5 |
| Impairment losses | 766 | 142 |
| Total extraordinary losses | 2,809 | 782 |
| Profit before income taxes | 2,989 | 23,285 |
| Income taxes | 6,059 | 3,535 |
| Profit (loss) | (3,070) | 19,750 |
| Loss attributable to non-controlling interests | (685) | (196) |
| Profit (loss) attributable to owners of parent | (2,385) | 19,946 |

• Consolidated Statements of Comprehensive Income
For the first three quarters ended December 31, 2022 and 2023

(Millions of yen)

| | April 1, 2022 – December 31, 2022 | April 1, 2023 – December 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Profit (loss) | (3,070) | 19,750 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (184) | 1,593 |
| Deferred gains or losses on hedges | 30 | 39 |
| Foreign currency translation adjustment | 4,305 | 7,385 |
| Remeasurements of defined benefit plans, net of tax | (349) | 62 |
| Share of other comprehensive income of entities accounted for using equity method | 5,080 | 5,682 |
| Total other comprehensive income | 8,882 | 14,761 |
| Comprehensive income | 5,812 | 34,511 |
| Comprehensive income attributable to owners of parent | 5,934 | 33,788 |
| Comprehensive income attributable to non-controlling interests | (122) | 723 |

(3) Consolidated Statements of Cash Flows

(Millions of yen)

| | April 1, 2022 – December 31, 2022 | April 1, 2023 – December 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,989 | 23,285 |
| Depreciation and amortization | 18,854 | 19,658 |
| Impairment losses | 766 | 142 |
| Amortization of goodwill | – | 68 |
| Amortization of negative goodwill | (26) | – |
| Increase (decrease) in allowance for doubtful accounts | (28) | 2 |
| Interest and dividend income | (1,324) | (3,807) |
| Interest expenses | 573 | 712 |
| Share of loss (profit) of entities accounted for using equity method | 16,315 | (8,974) |
| Loss (gain) on change in equity | (8,265) | (712) |
| Loss (gain) on sale of non-current assets | (344) | (45) |
| Decrease (increase) in trade receivables | 7,614 | 9,344 |
| Decrease (increase) in inventories | (25,033) | (5,987) |
| Increase (decrease) in trade payables | 4,604 | (6,530) |
| Other, net | (7,732) | 6,163 |
| Subtotal | 8,963 | 33,319 |
| Interest and dividends received | 5,119 | 5,363 |
| Interest paid | (621) | (705) |
| Income taxes paid | (8,363) | (3,183) |
| Net cash provided by (used in) operating activities | 5,098 | 34,794 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (17,239) | (21,831) |
| Proceeds from sale of property, plant and equipment | 395 | 244 |
| Purchase of investment securities | (152) | (26) |
| Proceeds from sale of investment securities | 563 | 253 |
| Payments for investments in capital of subsidiaries and associates | (2,465) | – |
| Purchase of shares of subsidiaries and associates | (1,374) | (1,073) |
| Payment from sale of shares of subsidiaries and associates | (420) | – |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | (5,249) | – |
| Proceeds from withdrawal of investments in silent partnerships | – | 300 |
| Decrease (increase) in short-term loans receivable | 8,245 | (2,660) |
| Other, net | 104 | 73 |
| Net cash provided by (used in) investing activities | (17,592) | (24,720) |

(Millions of yen)

| | April 1, 2022 – December 31, 2022 | April 1, 2023 – December 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 13,222 | (1,577) |
| Net increase (decrease) in commercial papers | 10,000 | 2,000 |
| Proceeds from long-term borrowings | 3,696 | 53 |
| Repayments of long-term borrowings | (7,133) | (10,841) |
| Proceeds from issuance of bonds | 9,950 | 9,949 |
| Redemption of bonds | (10,000) | – |
| Purchase of treasury shares | (37) | (5) |
| Dividends paid | (9,684) | (9,213) |
| Dividends paid to non-controlling interests | (942) | (448) |
| Other, net | (407) | (490) |
| Net cash provided by (used in) financing activities | 8,665 | (10,572) |
| Effect of exchange rate change on cash and cash equivalents | 731 | 878 |
| Net increase (decrease) in cash and cash equivalents | (3,098) | 380 |
| Cash and cash equivalents at beginning of period | 78,761 | 30,703 |
| Decrease in cash and cash equivalents resulting from corporate spin-off | (43,267) | – |
| Cash and cash equivalents at end of period | 32,396 | 31,083 |

(4) Notes to Quarterly Consolidated Financial Statements

(Note to events and conditions which indicate there could be substantial doubt about going concern assumption)

None.

(Note to significant changes in shareholders' equity)

None.

(Application of the specific accounting methods for preparing the quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting on net income before taxes for the consolidated fiscal year that includes the third quarter under review and by multiplying quarterly net income before taxes by such estimated effective tax rate. However, for companies for which calculating tax expenses using such estimated effective tax rate would be significantly unreasonable, the amount calculated using the statutory effective tax rate is recorded.

Income taxes adjustment is included in income taxes.

6. Segment Information

(1) Information concerning Net Sales and Operating Profit by Reportable Business Segment

For the First Three Quarters Ended December 31, 2022 (April 1, 2022 to December 31, 2022) (Millions of yen)

| | Reported segment | | | | | Adjustment (note 1) | Amount recorded in consolidated statements of income (note 2) |
|--------------------------------------|-----------------------|-------------------------|-----------|---------|---------|------------------------|--|
| | Specialty Products | Polymers & Chemicals | Machinery | Others | Total | | |
| Net sales | | | | | | | |
| External sales | 36,053 | 205,608 | 68,847 | 57,886 | 368,394 | — | 368,394 |
| Internal sales or transfers | 11,351 | 19,609 | 456 | (7,275) | 24,141 | (24,141) | — |
| Total | 47,404 | 225,217 | 69,303 | 50,611 | 392,535 | (24,141) | 368,394 |
| Segment profit (operating profit) | 8,517 | 3,278 | 2,609 | 1,714 | 16,118 | (3,130) | 12,988 |

(Note 1) (3,130) million yen for adjustment for Segment profit includes 140 million yen for the elimination of transaction between the Segments, and (3,270) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

(Note 2) Segment profit is adjusted with operating profit recorded in the consolidated statements of income.

For the First Three Quarters Ended December 31, 2023 (April 1, 2023 to December 31, 2023) (Millions of yen)

| | Reported segment | | | | | Adjustment (note 1) | Amount recorded in consolidated statements of income (note 2) |
|--|-----------------------|-------------------------|-----------|---------|---------|------------------------|--|
| | Specialty Products | Polymers & Chemicals | Machinery | Others | Total | | |
| Net sales | | | | | | | |
| External sales | 34,654 | 167,042 | 65,327 | 65,924 | 332,947 | — | 332,947 |
| Internal sales or transfers | 12,111 | 16,691 | 314 | (7,636) | 21,480 | (21,480) | — |
| Total | 46,765 | 183,733 | 65,641 | 58,288 | 354,427 | (21,480) | 332,947 |
| Segment profit or loss (operating profit or loss) | 8,329 | (566) | 4,354 | 2,563 | 14,680 | (2,373) | 12,307 |

(Note 1) (2,373) million yen for adjustment for Segment profit or loss includes 178 million yen for the elimination of transaction between the Segments, and (2,551) million yen for company-wide cost that is not allocated to each reported Segment. Company-wide cost consists mainly of administration and general expense that is not attributed to each reported Segment.

(Note 2) Segment profit or loss is adjusted with operating profit recorded in the consolidated statements of income.

(Reference) Consolidated Key Indicators

(Billions of yen – except where noted)

| | April – December 2022 | April – December 2023 | April 2023 – March 2024 (forecast) | April 2022 – March 2023 |
|------------------------------------|--------------------------|--------------------------|--|----------------------------|
| Capital investment | 19.3 | 19.5 | 41.0 | 29.3 |
| Depreciation and amortization | 18.9 | 19.7 | 24.5 | 25.5 |
| Research and development expenses | 7.6 | 7.6 | 11.0 | 10.4 |
| Adjusted operating profit (loss)*1 | (2.0) | 25.1 | 28.0 | (5.5) |
| Interest-bearing debt | 222.7 | 218.2 | 218.0 | 218.1 |
| Shareholders' equity *2 | 365.8 | 384.9 | 385.0 | 361.6 |
| Total assets | 749.9 | 756.0 | 760.0 | 732.7 |
| D/E ratio (times) | 0.61 | 0.57 | 0.57 | 0.60 |
| Shareholders' equity ratio (%) | 48.8 | 50.9 | 50.7 | 49.4 |
| Return on sales - ROS (%) *3 | 3.5 | 3.7 | 3.5 | 3.3 |
| Return on assets - ROA (%) *4 | — | — | 3.7 | (0,7) |
| Return on equity - ROE (%) *5 | — | — | 5.8 | (1,9) |
| Number of employees | 8,109 | 8,019 | 8,120 | 8,028 |

*1 Adjusted operating profit (loss): Operating profit + Interest and dividend income + Share of profit (loss) of entities accounted for using equity method

*2 Shareholders' equity: Net assets – Share acquisition rights – Non-controlling interests

*3 ROS: Operating profit / Net sales

*4 ROA: Adjusted operating profit / Average total assets

*5 ROE: Profit attributable to owners of parent / Average shareholders' equity

(Note 1) The Company Group determined the provisional accounting treatment related to the business combination of the cement-related business in the consolidated fourth quarter of the fiscal year ended March 2023. The finalized accounting treatment is being applied in each reported figure for the consolidated first three quarters of the fiscal year ended March 2023.

(Note 2) The Company Group determined the provisional accounting treatment related to the business combination of a contract drag development and manufacturing organization in the consolidated first quarter of the fiscal year ending March 2024. The finalized accounting treatment is being applied in each reported figure for the consolidated first three quarters and fiscal year ended March 2023.